

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 SAM-01 SAJ-01 /084 W

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R 121550Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5613

INFO AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

AMEMBASSY BONN POUCH

AMEMBASSY BRUSSELS POUCH

USMISSION EC BRUSSELS POUCH

USMISSION GENEVA POUCH

AMEMBASSY LONDON POUCH

AMEMBASSY MADRID POUCH

AMEMBASSY MOSCOW POUCH

AMEMBASSY OSLO POUCH

AMEMBASSY PARIS POUCH

AMEMBASSY ROME POUCH

AMEMBASSY STOCKHOLM POUCH

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 0203

USMISSION NATO FOR AMBASSADOR CARLUCCI

E.O. 11652: GDS

TAGS: ELAB, PINT, PO

SUBJECT: COMMUNIST CONTROL OF ORGANIZED LABOR IS CONTESTED

SUMMARY: AS 1976 OPENS, STRUGGLE FOR CONTROL OF ORGANIZED LABOR  
MOVEMENT IN PORTUGAL IS MORE HOPEFUL FOR NON-COMMUNISTS THAN AT  
ANY TIME SINCE APRIL 1974 REVOLUTION. MAJOR REASONS FOR HOPE  
ARE THE WORKERS' REJECTION OF PRO-COMMUNIST UNION LEADERSHIPS,

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(PARTICULARLY IN NORTHERN PORTUGAL), AND IN THE DETERMINED

MEASURES ADOPTED BY THE NEW TEAM IN THE MINISTRY OF LABOR. HOWEVER, THE COMMUNISTS RETAIN CONTROL OF MOST BLUE-COLLAR UNIONS AND THE LABOR CONFEDERATION, INTERSINDICAL. THEIR ACTIVISTS ARE MOVING TO TAKE ADVANTAGE OF GROWING POPULAR DISCONTENT AS THE GOVERNMENT'S AUSTERITY PROGRAM AFFECTS THE WORKERS. END SUMMARY.

1. STRUGGLE FOR CONTROL OF THE UNIONS: OF PARTICULAR SIGNIFICANCE IS THE RECENT ELECTION IN THE 60,000 MEMBER LISBON CLERICAL WORKERS UNION. HERE A COMBINED SOCIALIST/MRPP SLATE WON AN ELECTION IN AUGUST, ONLY TO BE OVERTURNED IN OCTOBER BY A MILITANT COMMUNIST MINORITY FOLLOWING A SERIES OF HECTIC GENERAL ASSEMBLIES. A NEW ELECTION, HELD JANUARY 8, DREW 24,000 VOTES AND GAVE A SOCIALIST SLATE AN ABSOLUTE MAJORITY OF 58 PERCENT. THE PCP SLATE DREW 30 PERCENT; A FAR LEFT SLATE, 6 PERCENT; AND A MRPP SLATE ONLY 4 PERCENT. SOCIALIST PARTY LEADER MARIO SOARES SPOKE JUBILANTLY OF THESE RESULTS DURING A SUBSEQUENT CONVERSATION WITH THE AMBASSADOR.

2. THE ELECTRICAL WORKERS UNION IS ONE OF THE FOUNDERS AND HAS LONG BEEN A MAINSTAY OF INTERSINDICAL. IN TWO ELECTIONS NOTABLE FOR SMALL TURNOUTS, THE PRO-COMMUNIST LEADERSHIP OF THE NORTHERN ELECTRICAL WORKERS UNION (20,000 MEMBERS) WAS DEFEATED BY A SOCIALIST-MRPP SLATE BY A VOTE OF 1450 TO 1000. MEANWHILE, THE PRO-INTERINDICAL LEADERSHIP OF THE 35,000 MEMBER SOUTHERN ELECTRICAL WORKERS DEFEATED A CHALLENGE BY A COALITION SLATE BY A VOTE OF 1375 TO 1060.

3. IN THE IMPORTANT COMMUNICATIONS SECTOR THE ENTERTAINMENT WORKERS (1900 MEMBERS) VOTED 300 TO 200 IN FAVOR OF PCP LEADERSHIP, CONFIRMING THE DOMINANT POLITICAL ORIENTATION OF THIS GROUP. THE JOURNALISTS UNION IS PARALYZED BY A LEADERSHIP STRUGGLE AND ITS FREQUENT GENERAL ASSEMBLIES HAVE BEEN MARKED BY FIST FIGHTS AND DISSOLVED IN DISORDER.

4. A LEADING INTERNATIONAL TRADE SECRETARIAT, THE POSTAL, TELEPHONE, AND TELEGRAPH WORKERS INTERNATIONAL (PTTI) HELD A SEMINAR FOR 21 PORTUGUESE COMMUNICATIONS WORKERS DECEMBER 10-14. INSTRUCTION WAS GIVEN BY BRITISH AND GERMAN NATIONALS. PTTI SECRETARY GENERAL STEFAN NEDZYNSKI VISITED THE SEMINAR FROM CONFIDENTIAL

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5. STRUGGLE FOR CONTROL OF INTERSINDICAL: TEN NON-COMMUNIST UNIONS IN AND AROUND LISBON, INCLUDING THE BANKERS, JEWELERS, INSURANCE, MERCHANT MARINE, AND NURSES, HAVE ISSUED A DECLARATION DENOUNCING INTERSINDICAL'S ROLE IN FOMENTING THE LEFTIST COUP ATTEMPT OF NOVEMBER 25. THEY CALLED UPON NON-COMMUNIST UNIONS TO REMAIN IN INTERSINDICAL IN ORDER TO DENOUNCE

THE PARTISAN ACTIVITIES OF THE CONFEDERATION.

6. WHILE SOUTHERN UNIONS ARE URGING A FIGHT FROM WITHIN THE CONFEDERATION, A NUMBER OF NON-COMMUNIST NORTHERN UNIONS HAVE APPARENTLY WRITTEN INTERSINDICAL OFF AND HAVE VOTED BY LOPSIDED MAJORITIES TO DISAFFILIATE. THESE UNIONS INCLUDE THE CLERICAL WORKERS OF THE OPORTO AND BRAGA DISTRICTS, THE NORTHERN ELECTRICAL WORKERS, THE TECHNICAL ENGINEERS (VOTE OF 389 TO 35), INSURANCE WORKERS (VOTE OF 685 TO 158), AND TELEPHONE OPERATORS (486 59 32). IN THE ALGARVE, THE FARO METALLURGICAL WORKERS UNION ALSO VOTED TO DISAFFILIATE.

7. MINISTRY OF LABOR PROVIDES LEADERSHIP: THE LEADERSHIP OF MINISTER OF LABOR TOMAS ROSA, SECRETARY OF STATE FOR LABOR MARCELO CURTO, AND OTHER OFFICIALS INSTALLED WITH THE SIXTH GOVERNMENT PROVIDES VALUABLE SUPPORT FOR NON-COMMUNIST UNIONS. THIS IS A MARKED REVERSAL OF THE PREVIOUS SITUATION. SPECIFIC MEASURES TAKEN SINCE SEPTEMBER INCLUDE:

-- THE EFFECTIVE NEUTRALIZATION OF COMMUNIST INFLUENCE WITHIN THE MINISTRY BY FIRING THE DIRECTOR OF PROFESSIONAL TRAINING, REPLACING THE CHIEF OF THE SALARY BRANCH, AND SUSPENDING MEMBERS OF THE POLITICAL PURGE COMMITTEE. ALSO SUSPENDED WERE TWO OFFICIALS ANATHAMA TO THE BUSINESS COMMUNITY; THE CHIEF OF COLLECTIVE LABOR RELATIONS BARROS DE MOURA, AND HIS ASSISTANT FOR THE LISBON AREA, ENGENIO ROSA, BOTH MILITANT SUPPORTERS OF THE PCP LINE.

-- ENDING THE MINISTRY'S PREVIOUS POLICY OF ABETTING THE TAKE-OVER OF UNIONS BY PCP ELEMENTS. ON DECEMBER 20 ROSA SEALED TP OFFICES OF THE 28,000 MEMBER PHARMACEUTICAL WORKERS UNION, WHERE A NON-COMMUNIST SLATE ELECTED LAST JULY HAD LONG BEEN

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ACTION EUR-12

INFO OCT-01 IO-11 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

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COME-00 EB-07 LAB-04 SIL-01 SAM-01 SAJ-01 /084 W

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R 121550Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5614  
INFO AMCONSUL OPORTO  
AMCONSUL PONTA DELGADA  
USMISSION NATO  
DIA WASHDC  
USCINCEUR VAIHINGEN GER  
AMEMBASSY BONN POUCH  
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AMEMBASSY PARIS POUCH  
AMEMBASSY ROME POUCH  
AMEMBASSY STOCKHOLM POUCH

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 203

PREVENTED BY LEFTIST MILITANTS FROM TAKING OFFICE. THE  
OFFICES WERE REOPENED JANUARY 7 WITH THE LEGALLY ELECTED  
OFFICERS INSTALLED.

-- ENCOURAGING NON-COMMUNIST UNIONS. THE MINISTRY  
HAS CREATED A DEPARTMENT FOR RELATIONS WITH LABOR  
ORGANIZATIONS TO SERVE AS A CONTACT POINT FOR UNIONS. THIS  
DEPARTMENT IS CURRENTLY MAKING A COMPREHENSIVE SURVEY OF  
UNIONS WITH A VIEW TO PROVIDING DISCREET ASSISTANCE. CON-  
SIDERATION IS BEING GIVEN TO THE MOST EFFECTIVE MANNER OF  
LIMITING PCP CONTROL OF ORGANIZED LABOR, I.E., BY CHANGES  
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IN THE LABOR LAW WHICH CURRENTLY PROVIDES EXCLUSIVE LEGAL  
RECOGNITION TO INTERSINDICAL, OR BY ENCOURAGING A TAKEOVER  
FROM WITHIN BY NON-COMMUNIST UNIONS.

-- ATTEMPTING TO RESTORE SOME STABILITY TO LABOR MANAGEMENT  
RELATIONS BY INSTITUTING A TWO-MONTH FREEZE ON COLLECTIVE  
BARGAINING, DEFINING "WORKER CONTROL" WITHIN OPERABLE LIMITS,  
AND DEALING WITH LABOR/MANAGEMENT PROBLEMS ON A PRAGMATIC,  
NON-IDEOLOGICAL BASIS.

-- INSTITUTING INVESTIGATIONS OF THE MINISTRY'S POLITICAL  
INVOLVEMENT AND THAT OF THE NATIONAL INSTITUTE OF WORKERS'  
CULTURE (INATEL) UNDER FORMER MINISTER COSTA MARTINS.

11 ORDERING THE REVALIDATION BY JANUARY 31 OF CREDENTIALS  
ISSUED BY THE MINISTRY TO MEMBERS OF WORKERS COMMISSIONS  
WHO HAVE TAKEN OVER FIRMS AND WHO ARE CONDUCTING BUSINESS  
UNDER "SELF-MANAGEMENT." THE MINISTRY HAS STATED THAT  
CREDENTIALS WILL BE REISSUED ON A CASE BY CASE BASIS. IN  
NORTHERN PORTUGAL ALONE SOME 200 FIRMS, INVOLVING 25,000  
WORKERS, ARE REPORTEDLY UNDER WORKER MANAGEMENT. IT IS UNDERSTOOD

THAT

THE CIRCUMSTANCES OF THE TAKEOVERS AND CURRENT OPERATING EFFICIENCY WILL BE CONSIDERED IN DETERMINING THE REVALIDATIONS.

-- UNDERTAKING A COMPREHENSIVE WAGE REVIEW WITH THE GOAL OF REDUCING INEQUITIES. ONE OF PRIORITY PROBLEMS BEING STUDIED ARE DISPROPORTIONATE WAGE INCREASES (COMPARED TO NON-UNIONIZED SECTORS) OBTAINED BY CERTAIN UNIONS FOLLOWING APRIL 25 REVOLUTION. IT WAS ANNOUNCED ON JANUARY 12 THAT OLD AGE AND DISABILITY PENSIONS WOULD BE INCREASED TO A MINIMUM PAYMENT OF \$75 DOLLARS PER MONTH, RETROACTIVE TO JUNE 1975.

8. COMMUNISTS FIGHT TO RETAIN LABOR ASCENDENCY: ADMITTEDLY DEALT A BLOW BY THE RESULTS OF THE NOVEMBER 25 COUP, INTER-SINDICAL AND ITS COMPONENT COMMUNIST-LED UNIONS ARE ATTEMPTING TO REGROUP. INTERSINDICAL HELD A CLOSED PLENARY SESSION DECEMBER 30 WITH APPROXIMATELY 130 DELEGATES IN ATTENDANCE. ANOTHER PLENARY SESSION IS SCHEDULED TO BE HELD IN COIMBRA JANUARY 16-17.

9. INTERSINDICAL STRATEGY IS APPARENTLY TO TAKE ADVANTAGE OF WORKERS' RESENTMENT CAUSED BY ECONOMIC HARDSHIPS RESULTING FROM THE GOVERNMENT'S AUSTERITY PROGRAM. THIRTEEN PCP CONTROLLED UNIONS, INCLUDING THE METALLURGICAL AND THE CIVIL  
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CONSTRUCTION WORKERS, HAVE SCHEDULED A RALLY AT A LISBON STADIUM JANUARY 17 TO PROTEST RISING PRICES, UNEMPLOYMENT, AND THE AUSTERITY PROGRAM. THE FAR-LEFT HAS SCHEDULED A SIMILAR RALLY IN LISBON'S MAIN PLAZA ON JANUARY 16. CIVIL CONTRUCTION WORKERS ALSO HAVE CALLED A TWO-HOUR WORK STOPPAGE ON JANUARY 16 WHILE A NUMBER OF OTHER UNIONS HAVE CALLED UPON THEIR MEMBERS TO OPPOSE THE AUSTERITY MEASURES.

10. INTERSINDICAL IS ALSO ATTEMPTING TO UNDERCUT AND BYPASS LABOR MINISTER TOMAS ROSA AT EVERY OPPORTUNITY. METALLURGICAL WORKERS HAVE MET - WITH WIDE PUBLICITY - WITH REVOLUTIONARY COUNCIL MEMBER SOUSA E CASTRO, AND THE PCP DOMINATED GLASS WORKERS ARE TO MEET WITH PRESIDENT COSTA GOMES. WHILE EVENTS OF NOVEMBER 25 CONSOLIDATED ROSA'S POSITION IN THE MINISTRY, THERE ARE STILL MANY WHO WOULD LIKE TO SEE HIM REMOVED OR MADE A SCAPEGOAT DURING THE ECONOMIC HARD TIMES AHEAD.

11. COMMENT: THE PREVIOUSLY ELECTED LEADERSHIP OF THE LISBON CLERICAL WORKERS UNION WAS BADLY SPLIT BETWEEN ITS COMPONENT SOCIALIST AND MRPP FACTIONS. IT IS LIKELY THAT THE NEW, SOCIALIST LEADERSHIP WILL BE ABLE TO OFFER THE MEMBERSHIP A MORE UNIFIED AND EFFECTIVE LEADERSHIP. THE SMALL VOTE MUSTERED BY THE MRPP SLATE IS CONSISTENT WITH OTHER INDICATIONS THAT THE SOCIALIST/MRPP TACIT COALITIONS IN UNION ELECTIONS ARE OF DISPROPORTIONATE ADVANTAGE TO THE MRPP.

12. THE HOLDING OF THE PTTI SEMINAR WITHOUT A BARRAGE OF COMMUNIST PROPAGANDA ALLEGING OUTSIDE INTERFERENCE AND CIA INTERVENTION IS EVIDENCE OF THE MUCH IMPROVED ATMOSPHERE FOR SUCH (NON-US) PROGRAMS. THE VISITING INSTRUCTORS FOUND IT NECESSARY TO KEEP THEIR PRESENTATION AT AN ELEMENTARY LEVEL DUE TO THE INEXPERIENCE OF THE PARTICIPANTS. MANY MORE TRAINING SEMINARS OF THIS TYPE WILL NEED TO BE HELD BEFORE PORTUGUESE WORKERS CAN MAKE UP FOR 50 YEARS OF ISOLATION FROM THE ORGANIZED LABOR MOVEMENT.  
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